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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

NFAC 6476-79
30 November 1979

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA : Deputy Director for National Foreign Assessment
National Intelligence Officer for Warning

FROM : Robert C. Ames
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SUBJECT : Monthly Warning Assessment: Near East and South Asia

1. Repercussions in the region of the worsening US-Iran crisis, the still smoldering Mecca mosque incident, and the anti-American attack on the US Embassy in Islamabad dominated conversation at this month's meeting. Some of these potential repercussions were:

a. Impact on OPEC oil pricing/production policies in general, and Saudi policies in particular. There was no consensus among analysts on this very complex issue, especially the linkage (if any) between the Mecca incident and OPEC pricing policy. DIA had internally been discussing the possibility of a \$30-40 a barrel price being a result of the 17 December OPEC meeting but other analysts believed that the mid-twenties to \$30 a barrel price range was more likely, particularly if Iran were to maintain its current level of oil exports. Although the Saudis will almost certainly reassess their five-year development plan as a result of the Mecca incident, the opposite theory that the "go slower's" in the Saudi government will have been discredited by the act of religious fanaticism was briefly mentioned. The consensus on this point was that the Saudis would not act precipitately but would probably maintain the 9.5 million b/d production level through the first quarter of 1980.

b. Anti-US Incidents. Anti-US incidents, such as the attack on the Embassy in Islamabad, are possible throughout most of the Muslim world as long as the Iranian crisis continues. Except for

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Pakistan, where there are rumors circulating of US responsibility for the crash of the Pakistani airliner carrying pilgrims from Mecca, there is nothing that would point to a particular country as a most likely next target although Kuwait, Bahrain, Qatar, Bangladesh, and Lebanon were thought by analysts -- for various reasons -- to be vulnerable. Once the Tehran hostage issue is resolved, most of the Islamic world can be expected to favor Iran in the US-Iran crisis more than they have done to date. Only if some or all of the hostages were killed would this reaction not be expected. Even Saudi Arabia would probably not publicly support US military intervention in Iran, unless it were in response to the killing of some of the hostages. []

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2. Internal Stability in Pakistan. Opposition groups in Pakistan have not challenged the martial law regime in the aftermath of its cancellation of elections and banning of political parties on October 16. They continue to be unhappy, however, over the October 16 announcements and may be encouraged to confront the regime openly following the government's weak handling of the demonstration at the US Embassy on November 21. The Pakistan Peoples Party, with wide support in the country, is the group most likely to take public action, perhaps using anti-US or Islamic issues to mount demonstrations that would then be turned against the government. As at the US Embassy, the government could be wary of dispersing large crowds supporting popular causes. If the regime permits further breaches of strict martial law restrictions against political activity, opposition agitation could snowball and rapidly get out of the control of the government. []

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3. Saudi Arabia-North Yemen. Concern was expressed that once the Saudi leadership has the opportunity to focus on other matters than the Mecca incident, it might move to overthrow President Salih in North Yemen for his recent drift toward the Soviet Union (acceptance of military aid), his apparent accommodation with South Yemen, and his placement of additional YAR military forces on the Saudi-North Yemen border. The Saudi ability to "manage" such an overthrow is low and the blowback potential therefore high. []

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4. Soviet Activities in South Asia. The Army ACSI representative strongly suggested that the Soviets were on the verge of successfully consolidating their control over Afghanistan, and that this uncountered move will have profound impact on the region, particularly Pakistan and Iran. Most analysts, however, felt that Soviet consolidation of control had not yet been conclusively demonstrated by the evidence, and that whether or not Afghanistan was the Soviet Union's "Vietnam" was still at least debatable. []

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